



***Testimony for the Public Safety and Security Committee
February 5, 2015
Room 1C, LOB***

Please OPPOSE HB 5924, AAC Late Submission of Claims for Lottery Prizes

Good afternoon, Chairpersons Dargan and Larson, Ranking Members Zupkus and Guglielmo, and other distinguished members of the Public Safety and Security Committee. My name is Anne Noble, and I am the President and CEO of the CT Lottery Corporation.

Today, I would like to speak about HB 5924, AAC Late Submission of Claims for Lottery Prizes. As drafted, this bill would mandate that, if a winning ticket is presented to the CT Lottery Corporation by August 1, 2015, the Lottery must pay "any person who presents a winning lottery ticket no later than seventy-two hours after the deadline for a lottery game expiring on or after July 1, 1996."

The Lottery opposes this bill. First, this bill will cost the state millions of dollars. Second, it will open the floodgates to claims that the Lottery must pay a prize, even when the rules plainly prohibit such payment . . . a Pandora's box. Third, the Lottery has no mechanism to determine if tickets purchased prior to 2008 were actually ever presented within the stated 72 hour statutory window or if the tickets are even authentic, possibly resulting in a chaotic and arbitrary scramble for prize money. Finally, how will you say no to other similar claims?

The negative fiscal impact of this bill is real and significant. Since 1996, there have been unclaimed prizes totaling \$255,428,511.76¹. Assuming no fraud in presentment, that is the maximum prize liability to date for this bill, but not necessarily the entire potential cost to the state. In order to prepare for

¹ This amount could even be greater because this bill will not bind other states to pay their share of prizes in multi-state games.

the potential onslaught of mandated prize payments, including Mr. Jackson's claim for \$5.8 million, the Lottery will need to immediately begin withholding money from our weekly transfers to the General Fund, to ensure that we have reserves to pay such prizes. Our transfers to the General Fund will decrease this fiscal year and possibly for fiscal year '16, depending on the number of claims presented.

Second, this bill sets an unacceptable and dangerous precedent for permitting the lottery's rules to be ignored and opens the door to endless exception requests. Compliance with our rules is the backbone of our business and helps ensure the Lottery's financial stability, integrity and consistent transfers to the General Fund. There are a number of game rules our customers must comply with, including prize expiration periods, eligibility rules, tax rules and child support rules. Strict adherence to our rules means that all people are treated fairly, predictably and consistently, without favors or undue influence. When rules are bent, particularly in gambling, the potential result is fraud, crime, and/or the perception that the games are fixed. If this bill, which bends a rule we hold inviolate, becomes law, it will stain the Lottery's reputation, undermine our players' confidence in our games, and damage over four decades of work to build a solid and reputable organization.

The third problem with this bill is that the Lottery today has no way to validate tickets that were purchased prior to 2008, when we converted to a more modern, secure, gaming system. Tickets prior to 2008 do not interface with our current gaming system. In other words, we have no way of verifying the authenticity of the claims that this bill mandates we pay. This could lead to potential fraud, customer dissatisfaction, crime, disputes, security investigations, and possibly litigation, further eroding the Lottery's reputation and General Fund transfers.

Finally, this bill appears to be designed to benefit one person, whose ticket expired approximately nineteen years ago. Mr. Jackson went to the Superior Court and lost and, although he had the opportunity to do so, he did not appeal. His subsequent attempts to legislatively obtain his prize have been wisely defeated for many years. While the Lottery would have greatly preferred that he claimed his prize and went to extraordinary lengths to ensure his prize was claimed timely, this bill is ill-advised. How will you say no to others who want the rules changed because of an unfortunate circumstance?

In fact, there is currently an individual hoping to convince the Claims Commissioner that the Lottery should pay for five prizes that expired. A Lucky for Life prize expired in 2012 for nearly \$8 million dollars; perhaps that person will find his or her ticket someday and present an equally compelling story of a lost fortune. How will you say no?

In preparing for today's hearing, I learned that the question of paying an expired prize has come up at various times for over two decades. It has gone before the Division of Special Revenue, the Gaming Policy Board, at least two Superior Court judges, various Lottery Presidents, and the General Assembly. In all of these circumstances, the claim expiration period has not been extended for reasons such as the ones I've laid out before you today.

The Lottery's position has remained steadfast - that we have and will continue to uniformly enforce our game rules, and we urge you to oppose this bill.

I have also submitted written testimony on two additional bills, HB 5922 regarding lottery winners who are tax delinquent, and HB 5378 regarding video slot machines at off-track betting facilities.

Thank you for your time. I'm happy to answer questions about any of the testimony I have provided.

*For additional information, please do not hesitate to contact either:

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